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as other terms and conditions applicable to the individual Project.

§ 1739.19 Reporting and oversight requirements.

(a) A project performance activity report will be required of all recipients on an annual basis until the Project is complete and the funds are expended by the applicant. Recipients are to submit an original and one copy of all project performance reports, including, but not limited to, the following:

(1) A comparison of actual accomplishments to the objectives established for that period;

(2) A description of any problems, delays, or adverse conditions which have occurred, or are anticipated, and which may affect the attainment of overall Project objectives, prevent the meeting of time schedules or objectives, or preclude the attainment of particular Project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and

(3) Objectives and timetable established for the next reporting period.

(b) A final project performance report must be provided by the recipient. It must provide an evaluation of the success of the Project in meeting the objectives of the program. The final report may serve as the last annual report.

(c) RUS will monitor recipients, as it determines necessary, to assure that Projects are completed in accordance with the approved scope of work and that the grant is expended for Eligible Grant Purposes.

(d) Recipients shall diligently monitor performance to ensure that time schedules are being met, projected work within designated time periods is being accomplished, and other performance objectives are being achieved.

§ 1739.20 Audit requirements.

A grant recipient shall provide RUS with an audit for each year, beginning with the year in which a portion of the financial assistance is expended, in accordance with the following:

(a) If the recipient is a for-profit entity, an existing Telecommunications or Electric Borrower with RUS, or any

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other entity not covered by the following paragraph, the recipient shall provide an independent audit report in accordance with 7 CFR part 1773, “Policy on Audits of RUS Borrowers.”

(b) If the recipient is a State or local government, or non-profit organization, the recipient shall provide an audit in accordance with 7 CFR part 3052, “Audits of States, Local Governments, and Non-Profit Organizations.”

§ 1739.21 OMB control number.

The information collection requirements in this part are approved by the Office of Management and Budget (OMB) and assigned OMB control number 0572–0127.

Subpart B [Reserved]

PART 1740—PUBLIC TELEVISION STATION DIGITAL TRANSITION GRANT PROGRAM

Subpart A—Public Television Station Digital Transition Grant Program

Sec.

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Subpart B [Reserved]

AUTHORITY: Consolidated Appropriations Act, 2005; Title III: Rural Development Programs; Rural Utilities Service; Distance Learning, Telemedicine, and Broadband Program; Public Law 108–447.

SOURCE: 71 FR 3206, Jan. 20, 2006, unless otherwise noted.

Subpart A—Public Television Station Digital Transition Grant Program

§ 1740.1 Purpose.

The purpose of the Rural Utilities Service (RUS) Public Television Station Digital Transition Grant Program

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(Grant Program) is to enable public television stations serving rural areas to transition from broadcasting in analog to digital, as required under the Federal Communications Commission rules, by awarding grants through a competitive process.

§ 1740.2 Definitions.

Core coverage area is the set of counties fully covered, or at least 75% covered, by a digital television transmitter or translator.

Coverage contour area is the area estimated to receive a digital television signal from a transmitter or translator of 41 dBμ for UHF signals, 36 dBμ for channel 7-13 signals, or 28 dBμ for channel 2-6 signals, as shown on the public television station's map filed with the FCC.

Digital television, or DTV, means the digital television system which will replace the current analog system.

Digital transition means the transition from analog television broadcasting to digital television broadcasting. To transition according to FCC rules, a broadcaster must initiate digital television broadcasting while continuing to operate analog television broadcasting until December 31, 2006, to enable viewers the necessary time to acquire digital television reception capability.

Distance learning means any digital public television broadcast to a school, library, home, or other end-user site located in a rural area, for the purpose of providing educational and cultural programming.

Grant Program means this Public Television Station Digital Transition Grant Program.

High definition television, or HDTV, means an enhanced television service which is authorized by the FCC as part of the digital television standard.

Public television station means a non-commercial educational television broadcast station that serves rural areas and is qualified for Community Service Grants by the Corporation for Public Broadcasting under section 396(k) of the Communications Act of 1934.

Rural area means any area of the United States not included within the boundaries of any incorporated or un-

incorporated city, village, or borough having a population in excess of 20,000 inhabitants.

Rural population means the number of people within the core coverage area of a transmitter who do not live within the boundaries of an incorporated or unincorporated city, village, or borough having a population in excess of 20,000 inhabitants as calculated pursuant to Section 1740.8(c)(1).

Rural Utilities Service, or RUS, is a Rural Development agency of the United States Department of Agriculture, which will administer this Grant Program.

Urban area means any area of the United States which is not a *Rural area*.

§ 1740.3 Applicant eligibility.

Eligibility for grants is limited to public television stations that serve rural areas, regardless of whether urban areas are additionally served.

§ 1740.4 Maximum amounts of grants.

The maximum grant amount shall be announced in each fiscal year's Notice of Funds Availability.

§ 1740.5 Matching funds.

No matching funds are required in this program.

§ 1740.6 Eligible purposes of grants.

Grants shall be made to enable applicants to perform digital transitions of television broadcasting serving rural areas, regardless of the location of their main transmitter. Grant funds may be used to acquire, lease, and/or install facilities and software necessary to the digital transition. Specific purposes include:

(a) Digital transmitters, translators, and repeaters, including all facilities required to initiate DTV broadcasting. All broadcast facilities acquired with grant funds shall be capable of delivering DTV programming and HDTV programming, at both the interim and final channel and power authorizations. There is no limit to the number of transmitters or translators that may be included in an application;

(b) Power upgrades of existing DTV transmitter equipment;

(c) Studio-to-transmitter links;

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(d) Equipment to allow local control over digital content and programming, including master control equipment;

(e) Digital program production equipment, including cameras, editing, mixing and storage equipment;

(f) Multicasting and datacasting equipment;

(g) Cost of the lease of facilities, if any, for up to three years; and

(h) Associated engineering and environmental studies necessary to implementation.

§ 1740.7 Ineligible purposes.

(a) Grant funds shall not be used to fund ongoing operations or for facilities that will not be owned by the applicant, except for leased facilities as provided in § 1740.6.

(b) Costs of salaries, wages, and employee benefits of public television station personnel are not eligible for funding under this program unless they are for construction or installation of eligible facilities.

(c) Facilities for which other grant funding from any source has been approved are not eligible for funding under this program.

(d) Expenditures made prior to this deadline are not eligible for funding. To be an eligible grant purpose, an expenditure must be made after the application deadline specified in the Notice of Funds Available.

§ 1740.8 Scoring criteria for the grant competition.

(a) After an application is found to be eligible, it will be scored in three categories: the rurality of the applicant's core coverage area, the average National School Lunch Program eligibility ratio in the applicant's core coverage area, and the critical need for the project.

(b)(1)(i) Scoring in this program is based on a simplified representation of the project's digital coverage area. To find a transmitter's simplified coverage area, go to the FCC TV Query Web site (<http://www.fcc.gov/fcc-bin/audio/tvq.html>) and access the station Service Contour Map. This map shows coverage at the appropriate field strength in dBμ, overlaid on a Census Tiger Map. The map also shows counties covered. The core coverage area is

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the set of counties that are either entirely within the appropriate coverage contour, or are at least seventy-five percent (75%) within the contour. For contours where counties are very large with respect to coverage, as might be the case for some western states and for most translators, there may be only one county within the coverage contour. In such cases, this county is the station's core coverage area. Every transmitter and translator must have a core coverage area consisting of one or more counties.

(ii) In the case of translators, where a coverage contour area does not exist, the applicant shall define a coverage contour area and explain how coverage was estimated. This estimated coverage contour area is subject to acceptance by RUS.

(2) When an application covers more than one transmitter or translator, the core coverage area of the application is the sum of the core coverage areas of all transmitters and translators included in the application.

(c) Rurality is a measure of the degree to which a project benefits rural areas. Up to fifty (50) points are available in this category. Urban areas bisected by the computed contour line are disregarded, since they represent fringe viewers. The Rurality score is computed as follows:

(1) The rural population of a core coverage area must be calculated. The rural population of a county is calculated by subtracting the county's urban population(s) from the total county population. If the core coverage area consists of multiple counties, the rural population is the sum of all included counties' rural populations. Urban area and county populations may be found at the American Factfinder Web site http://factfinder.census.gov/home/saff/main.html?_lang=en.

(2) The Rurality score is computed by multiplying the rural population for the core coverage area by one hundred (100), and subtracting fifty (50) from it. If this calculation results in a negative number, the Rurality score is zero. The formula is:

$$100 \times [(\text{total population} - \text{urban population}) / \text{total population}] - 50$$

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(3) If an applicant has no urban communities within the core coverage area, the computation would deliver a score of 50.

(d) Economic Need will be measured by the ability of the public in an area to support Public Television financially. Up to 25 points are available in this category.

(1) The score for Economic Need is computed from the average of the National School Lunch Program (NSLP) eligibility percentages for all school districts within the core coverage area. NSLP eligibility percentage information may be obtained from the state or local agency that administers the program, and the application must include a certification from this organization that the percentages provided are correct. Please note that the score for Economic Need is computed from the eligibility percentage, not the participation percentage. The score is computed by multiplying the average eligibility percentage by 100 (to convert percentage to a whole number), subtracting 25, dividing the quotient by two, and limiting the result to 25 points. A negative result yields a score of zero.

$$[(\text{average NSLP eligibility percentage} \times 100) - 25] \div 2$$
, not to exceed 25 points

(2) [Reserved]

(e) Critical Need will be measured by the urgency and importance of the project to the rural community the applicant serves. Up to 25 points are available in this category. Critical Need evaluates factors not captured in the Rurality and Economic Need scoring categories, such as:

(1) Geographic or coverage characteristics of the public television station's digital television coverage area that make the digital transition unusually expensive;

(2) A severe lack of specialized human resources (such as teachers) for which digital educational television will compensate;

(3) Geographic isolation of communities which will be overcome with public television station services;

(4) Non-traditional community needs (such as adult vocational retraining) that may be met only with digital pub-

lic television station broadcast capabilities;

(5) Historical events that have placed the public television station in severe financial stress; and

(6) The degree to which the project purposes will specifically benefit the rural public.

§ 1740.9 Grant application.

The grant application must include the following:

(a) An application for federal assistance, Standard Form 424.

(b) An executive summary, not to exceed two pages, describing the public television station, its service area and offerings, its current digital transition status, and the proposed project.

(c) Evidence of the applicant's eligibility to apply under this Notice, proving that the applicant is a Public Television Station as defined in this Part, and that it is required by the FCC to perform the digital transition.

(d) A spreadsheet showing the total project cost, with a breakdown of items sufficient to enable RUS to determine individual item eligibility.

(e) A coverage contour map showing the digital television coverage area of the applicant. This map must show the counties (or county) comprising the core coverage area by shading and by name. Partial counties included in the applicant's core coverage area must be identified as partial and must contain an attachment with the applicant's estimate of the percentage that its coverage contour comprises the total area of the county (total area is available from American Factfinder, referenced in § 1740.8 (c)(1)). If the application is for a translator, the coverage area may be estimated by the applicant through computer modeling or some other reasonable method, and this estimate is subject to acceptance by RUS.

(f) The applicant's own calculation of its Rurality score, supported by a worksheet showing the population of its core coverage area, and the urban and rural populations within the core coverage area. The data source for the urban and rural components of that population must be identified. If the application includes computations

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made by a consultant or other organization outside the public television station, the application shall state the details of that collaboration.

(g) The applicant's own calculation of its Economic Need score, supported by a worksheet showing the National School Lunch Program eligibility levels for all school districts within the core coverage area and averaging these eligibility percentages. The application must include a statement from the state or local organization that administers the NSLP program certifying the school district scores used in the computations.

(h) If applicable, a presentation not to exceed five pages demonstrating the Critical Need for the project.

(i) Evidence that the FCC has authorized the initiation of digital broadcasting at the project sites. In the event that an FCC construction permit has not been issued for one or more sites, the RUS may include those sites in the grant, and make advance of funds for that site conditional upon the submission of a construction permit.

(j) Compliance with other Federal statutes. The applicant must provide evidence or certification that it is in compliance with all applicable Federal statutes and regulations, including, but not limited to the following:

(1) Executive Order (E.O.) 11246, Equal Employment Opportunity, as amended by E.O. 11375 and as supplemented by regulations contained in 41 CFR part 60;

(2) Architectural barriers;

(3) Flood hazard area precautions;

(4) Assistance and Real Property Acquisition Policies Act of 1970;

(5) Drug-Free Workplace Act of 1998 (41 U.S.C. 701);

(6) E.O.s 12549 and 12689, Debarment and Suspension; and

(7) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

(k) Environmental impact and historic preservation. The applicant must provide details of the digital transition's impact on the environment and historic preservation, and comply with 7 CFR part 1794, which contains RUS' policies and procedures for implementing a variety of Federal statutes, regulations, and executive orders generally pertaining to the protection of

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the quality of the human environment. This must be contained in a separate section entitled "Environmental Impact of the Digital Transition," and must include the Environmental Questionnaire/Certification, available from RUS, describing the impact of its digital transition. Submission of the Environmental Questionnaire/Certification alone does not constitute compliance with 7 CFR part 1794.

§ 1740.10 Grant documents.

The terms and conditions of each grant shall be set forth in standard grant documents prepared by RUS. These documents shall require that the applicant own or lease all facilities financed by the grant. In addition, however, RUS may prescribe special conditions to the advance of funds, such as those concerning FCC licensing.

§ 1740.11 Requests for funds.

(a) Once grant documents have been executed, funds may be requested for eligible purposes up to the amounts in the grant. Funds may either be requested in anticipation of known obligations, or may be requested to reimburse disbursements made by the grantee.

(b) Requests for funds shall be submitted on Standard Form 270 (Request for Advancement or Reimbursement).

(c) All requests for funds shall be supported by invoices or receipts.

PART 1741—PRE-LOAN POLICIES AND PROCEDURES FOR INSURED TELEPHONE LOANS [RESERVED]

PART 1744—POST-LOAN POLICIES AND PROCEDURES COMMON TO GUARANTEED AND INSURED TELEPHONE LOANS

Subpart A [Reserved]

Subpart B—Lien Accommodations and Subordination Policy

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1744.20 General.

1744.21 Definitions.

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1744.30 Automatic lien accommodations.

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1744.40 Act purposes.